POWER GREENHOUSES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1999

MATCHETT, POTTS & SEIPP

100-05065/

CHARTERED ACCOUNTANTS
MATCHETT, POTTS & SEIPP
1130 - 3RD STREET, ESTEVAN, SASK. S4A 0R7
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AUDITORS' REPORT

To the Shareholders
Power Greenhouses Inc.

We have audited the balance sheet of Power Greenhouses Inc., as at December 31, 1999 and the statements of operations and retained earnings and changes in cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

Matchett, Potts & Seipp
CHARTERED ACCOUNTANTS

Estevan, Saskatchewan.
March 9, 2000.

POWER GREENHOUSES INC.

BALANCE SHEET AS AT DECEMBER 31, 1999

	1999	1998
ASSETS		
Current assets		
Cash	$ 11,141	$ 9,086
Inventories	19,441	26,661
	30,582	35,747
Capital assets (Note 3)	3,333,825	3,390,917
	$ 3,364,407	$ 3,426,664
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 17,894	$ 3,710
Payable to shareholder (Note 4)	3,346,503	3,422,944
	3,364,397	3,426,654
Shareholders' equity		
Share capital (Note 5)	10	10
Retained earnings	-	-
	10	10
	$ 3,364,407	$ 3,426,664

APPROVED ON BEHALF OF THE BOARD:

DIRECTOR

DIRECTOR

The accompanying notes form an integral part of this financial statement.

POWER GREENHOUSES INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1999

	1999	1998
Contract revenue earned	$ 502,021	$ 442,866
Expenses		
Administration		
Advertising	60,892	21,555
Amortization	115,859	113,004
Board indemnity	5,961	4,675
Miscellaneous	1,927	5,583
Office expenses	3,340	3,978
Professional fees	3,851	2,996
Telephone	2,856	2,621
Travel and training	5,633	6,854
Wages and employee benefits	226,505	213,143
Crop production		
Contract labour	24,530	24,591
Horticultural materials	18,088	14,843
Shipping	2,440	3,542
Vehicle costs	8,083	4,403
Buildings maintenance		
Contract services	7,996	7,950
Repairs and maintenance	14,060	13,128
	502,021	442,866
Net earnings	-	-
Retained earnings, beginning of the year	-	-
RETAINED EARNINGS, END OF THE YEAR	$ -	$ -

The accompanying notes form an integral part of this financial statement.

MATCHETT, POTTS & SEIPP

POWER GREENHOUSES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1999

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ -	$ -
Adjustment for:		
Amortization	115,859	113,004
Change in non-cash working capital		
(Increase) decrease in inventories	7,220	(14,511)
Increase in accounts payable	14,184	2,311
Cash flows from operating activities	137,263	100,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(58,767)	(80,686)
Cash flows from investing activities	(58,767)	(80,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in payable to shareholder	(76,441)	(24,659)
Cash flows from financing activities	(76,441)	(24,659)
Net increase (decrease) in cash and cash equivalents	2,055	(4,541)
Cash and cash equivalents at beginning of the year	9,086	13,627
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 7)	$ 11,141	$ 9,086

The accompanying notes form an integral part of this financial statement.

POWER GREENHOUSES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

1. STATUS OF THE CORPORATION

Power Greenhouses Inc. is a crown corporation incorporated under the Business Corporation Act of Saskatchewan. The company is a wholly owned subsidiary of Saskatchewan Power Corporation.

The mandate of the company is to operate a greenhouse to provide tree seedlings for the purpose of afforestation. The company entered into an agreement with Saskatchewan Power Corporation whereby it operates the greenhouse and in turn Saskatchewan Power Corporation funds the company for costs incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

The company's accounting policies are in accordance with generally accepted accounting principles. The following summary of accounting policies describes the accounting methods and practices considered to be significant to the company's financial statements:

a) Income taxes

The company makes no provisions for income taxes as taxes are not levied on earnings of crown corporations.

b) Inventory

Inventory is carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

c) Capital assets

Capital assets are stated at cost. Amortization is provided on a straight line basis, at rates calculated to amortize the cost of the capital assets to their estimated salvage value, as set out below:

	Average Rate
Buildings	2.5%
Vehicles and equipment	14%
Office furniture	12%
Tools	14%
Computers	33.3%

d) Contract revenue earned

Contract revenue earned is based on total expenses incurred during the year.

POWER GREENHOUSES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

3. CAPITAL ASSETS

	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 3,935,842	$ 702,930	$ 3,232,912	$ 3,308,612
Vehicles & equipment	160,609	82,470	78,139	64,407
Office furniture	17,909	7,080	10,829	12,377
Tools	27,032	15,087	11,945	4,144
Computers	10,443	10,443	-	1,377
	$ 4,151,835	$ 818,010	$ 3,333,825	$ 3,390,917

4. PAYABLE TO SHAREHOLDER

	1999	1998
Total advances	$ 6,804,504	$ 6,378,924
Less: total expenses incurred	3,458,001	2,955,980
	$ 3,346,503	$ 3,422,944

Payable to shareholders is not secured, non-interest bearing with no fixed terms of repayment.

5. SHARE CAPITAL

	1999	1998
Authorized		
an unlimited number of the following classes of shares without par value		
Issued and fully paid		
10 Class A	$ 10	$ 10

6. RELATED PARTY TRANSACTIONS

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled Departments, Agencies, and Corporations with which the company was related. Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms except as described below.

The company entered into an agreement with Saskatchewan Power Corporation, its parent, whereby it operates the greenhouse and in turn Saskatchewan Power Corporation funds the company for costs incurred, which is reflected as contract revenue earned.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of changes in financial position comprise the following balance sheet amounts:

	1999	1998
Cash	$ 11,141	$ 9,086

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that might affect the entity, including those related to customers, suppliers or other third parties have been fully resolved.